

For Immediate Release

Media Contact: Alisha Goff
503/627-7075
alisha.goff@tektronix.com

Analyst Contact: Sue Kirby
503/627-6106
sue.g.kirby@tektronix.com

Tektronix Reports Results for the Fourth Quarter and Full Year of Fiscal 2003

Q4 Results Reflect Strong Product Demand and Good Operational Execution

BEAVERTON, Ore., June 26, 2003 – Tektronix, Inc. (NYSE: TEK) today reported net sales of \$202.3 million and net earnings from continuing operations of \$4.3 million or \$0.05 per share, for the fourth quarter ended May 31, 2003. This compares with net sales of \$202.2 million and net earnings from continuing operations of \$6.7 million or \$0.07 per share, for the same period a year ago. Excluding business realignment and one-time items, net earnings from continuing operations were \$10.0 million or \$0.12 per share for the fourth quarter, as compared with \$12.7 million or \$0.14 per share for the same period last year.

"We delivered solid results in the quarter," said Rick Wills, Tektronix Chairman and CEO. "There was strong demand across our product portfolio – particularly internationally. We believe that the economic environment and our end markets have started to stabilize."

For fiscal year 2003, the company reported net sales of \$791.0 million, compared with sales of \$810.3 million in fiscal year 2002. Net earnings from continuing operations were \$35.1 million, or \$0.40 per share for fiscal year 2003. This compares with net earnings from continuing operations of \$33.6 million, or \$0.36 per share for fiscal year 2002. Excluding business realignment and one-time items, net earnings from continuing operations for fiscal year 2003 were \$48.5 million, or \$0.56 per share, as compared with \$49.2 million, or \$0.53 per share for fiscal year 2002.

"We delivered strong results this year, remaining profitable, growing orders and accomplishing critical strategic objectives in an environment that continued to be challenging – these results differentiate Tektronix," said Wills. "One of these objectives,

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the acquisition and integration of our joint venture in Japan, exceeded our expectations. By quickly reducing costs, improving sales force effectiveness and leveraging products and technologies for broader market application, we were able to exceed our sales and profitability projections for Japan.”

"In addition to increasing our presence in Japan, China was another strategic focus. We opened a new manufacturing facility in Shanghai and began manufacturing our newest value oscilloscopes for worldwide distribution – increasing our sales penetration of these products in China," continued Wills. “Other accomplishments included strengthening our management team – with an emphasis on the sales and marketing area – and strategic divestitures of under performing product lines. As we see the environment begin to stabilize, the progress in these areas positions us well as we move into the next fiscal year.”

For the first quarter of fiscal 2004, the company expects sales to be approximately flat with the same period a year ago. Earnings per share are expected to be between \$0.10 and \$0.12, excluding anticipated business realignment and one-time charges of \$3.0 - \$4.0 million.

"With markets seeming to stabilize in the last several months, we are well positioned to grow our leadership position in our four core product areas and to expand our two emerging product lines. We continue to manage operations to improve profitability and our product and technology engine to drive innovation, which will enable us to see good operating leverage as we see growth," concluded Wills.

Key highlights for the fourth quarter of fiscal 2003 include the following:

- A high-volume purchase by the China Ministry of Education to place Tektronix oscilloscopes in university labs throughout China, expanding Tektronix' large installed base in universities and bringing the latest digital tools to more students.
- Several significant orders for mobile protocol test equipment including a major sale of protocol, monitoring and maintenance tools to Advanced Info Service (AIS) PLC, Thailand's leading wireless operator, and a large, multi-unit sale of protocol testers to Taiwan Cellular Corporation (TCC), Taiwan's largest network operator.
- The opening of the company's newest operation in China, Tektronix (China) Co. Ltd. The new manufacturing facility in Shanghai, currently manufacturing the company's TDS1000/2000 value oscilloscope products, will be used for expansion in China, a growing segment of the test and measurement market.
- The sale of a high-performance oscilloscope and an array of accessories to National Instruments, including a TDS6604 digital storage oscilloscope, the P7260, the world's fastest single-ended active probe, the P7350 5 GHz differential probe, Jitter Analysis Software, USB 2.0 Compliance Test Package, and other applications. The oscilloscope will be used in the development of Pentium IV-based motherboards and other projects involving advanced technologies.

- The world's first fully-automated component analog video signal analyzer for high-definition and PC format signals simplifying and standardizing testing and new capabilities for its current digital video test including two new interfaces for the MTX1000 MPEG Recorder and Player, and an HD-SDI Stress Test module for the Tektronix TG2000 Multi-format Video Signal Generator Platform.
- The sale of the company's optical parametric test product line to Thorlabs, a New Jersey-based maker of photonics products.

Tektronix will be discussing its fourth quarter results and future guidance on a conference call today, beginning at 1:30 p.m. Pacific Daylight Time (PDT). A live Webcast of the conference call will be available at www.tektronix.com/jr. A replay of the Webcast will be available at the same Web site through Thursday, July 10, 2003.

Tektronix presents pro forma measures of net earnings and net earnings per share from continuing operations that exclude the effects of business realignment and one-time items. The schedule provided on page seven reconciles the results of operations in accordance with generally accepted accounting principles (GAAP) to the pro forma results of operations. Tektronix presents pro forma results of operations to help readers differentiate the results of ongoing operating activity from results that include business realignment costs and one-time items. Management of Tektronix uses these pro forma measures to evaluate the company's results of operations and for forecasting purposes.

Statements and information in this press release that relate to future events or results (including the Company's expectations as to sales, earnings per share, expenses, including business realignment and one-time charges, market position, new products and expected results of investments in Japan and China) are based on the Company's current expectations. They constitute forward-looking statements subject to a number of risk factors, which could cause actual results to differ materially from those currently expected or desired. Those factors include: worldwide geopolitical and economic conditions; business conditions in the electronics, communications, computer and advanced technologies industries, including the length and severity of the current downturn, which is unknown, and in particular, the current downturn in the telecommunications industry, including but not limited to the optical segment, which has experienced a more dramatic decline than other industries; the ability to reduce expenditures to adjust to the current downturn while at the same time maintaining the capacity and resources to quickly ramp up if, and when, a recovery occurs; changes in order rates and customer cancellations, including changes in seasonal buying habits; competitive factors, including pricing pressures, technological developments and new products offered by competitors; changes in product and sales mix, and the related effects on gross margins; the Company's ability to deliver a timely flow of competitive new products, and market acceptance of these products; the availability of parts and supplies from third-party suppliers on a timely basis and at reasonable prices; inventory risks due to changes in market demand or the Company's business strategies; resolution of indemnities relating to certain acquisitions and divestitures; changes in effective tax rates; currency fluctuations; the ability to develop effective sales channels; the ability to successfully integrate the Sony/Tektronix acquisition; and, generally, the Company's ability to execute successfully during the current downturn. Further information on factors that could cause actual results to differ from those anticipated is included in filings made by the Company from time to time with the Securities and Exchange Commission, including but not limited to, annual reports on Form 10-K and the quarterly reports on Form 10-Q.

About Tektronix

Tektronix, Inc. is a test, measurement, and monitoring company providing measurement solutions to the communications, computer, and semiconductor industries worldwide. With more than 55 years of experience, Tektronix enables its customers to design, build, deploy, and manage next-generation global communications networks and advanced technologies. Headquartered in Beaverton, Oregon, Tektronix has operations in more than 20 countries worldwide. Tektronix' Web address is www.tektronix.com.

Consolidated Statements of Operations

(In thousands, except per share amounts)	Quarter Ended		Year Ended	
	May 31, 2003	May 25, 2002	May 31, 2003	May 25, 2002
Net sales	\$ 202,321	\$ 202,243	\$ 791,048	\$ 810,300
Cost of sales	95,672	104,236	385,305	409,676
Gross profit	106,649	98,007	405,743	400,624
Research and development expenses	26,477	24,592	101,137	112,389
Selling, general and administrative expenses	67,325	55,950	247,605	220,784
Equity in business ventures' loss	-	863	2,893	3,971
Gain on sale of Video and Networking Division	-	(818)	-	(818)
Business realignment costs	7,553	10,102	34,551	24,820
Acquisition related costs	894	-	3,521	-
Loss on sale of assets	696	1,320	108	5,808
Operating income	3,704	5,998	15,928	33,670
Non-operating income, net	2,553	4,284	17,377	17,955
Earnings before taxes	6,257	10,282	33,305	51,625
Income tax (benefit) expense	2,002	3,599	(1,843)	18,069
Net earnings from continuing operations	4,255	6,683	35,148	33,556
Discontinued operations:				
Gain (loss) on sale of VideoTele.com (less applicable income tax benefit of \$70, \$0, \$344 and \$0)	(130)	-	(639)	-
Loss from operations of VideoTele.com (less applicable income tax benefit of \$0, \$670, \$1,413 and \$1,007)	-	(1,245)	(2,624)	(1,869)
Loss on sale of optical parametric test business (less applicable income tax benefit of \$938, \$0, \$9,222 and \$0)	(1,743)	-	(17,127)	-
Loss from operations of optical parametric test business (less applicable income tax benefit of \$364, \$111, \$1,376 and \$111)	(676)	(206)	(2,556)	(206)
Income (loss) from operations of Gage (less applicable income tax (expense) benefit of (\$38), \$253, \$508 and \$554)	71	(469)	(943)	(1,029)
Impairment of net assets of Gage (less applicable income tax benefit of \$1,174, \$0, \$1,174 and \$0)	(2,180)	-	(2,180)	-
Gain on sale of Color Printing and Imaging division (less applicable income tax expense of \$1,750, \$700, \$8,750 and \$1,204)	3,250	1,300	16,250	2,237
Net earnings	\$ 2,847	\$ 6,063	\$ 25,329	\$ 32,689
Earnings per share from continuing operations - basic	\$ 0.05	\$ 0.07	\$ 0.40	\$ 0.37
Earnings per share from continuing operations - diluted	\$ 0.05	\$ 0.07	\$ 0.40	\$ 0.36
Loss per share from discontinued operations - basic and diluted	\$ (0.02)	\$ (0.01)	\$ (0.11)	\$ (0.01)
Earnings per share - basic	\$ 0.03	\$ 0.07	\$ 0.29	\$ 0.36
Earnings per share - diluted	\$ 0.03	\$ 0.07	\$ 0.29	\$ 0.35
Weighted average shares outstanding - basic	84,886	90,869	87,105	91,439
Weighted average shares outstanding - diluted	85,251	91,779	87,367	92,263

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Consolidated Balance Sheets

(In thousands)	<u>May 31, 2003</u>	<u>May 25, 2002</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 190,387	\$ 260,773
Short-term marketable investments	106,369	193,644
Trade accounts receivable, net	100,334	94,309
Inventories	92,868	114,524
Assets of discontinued operations	7,938	49,674
Other current assets	<u>90,408</u>	<u>69,552</u>
Total current assets	588,304	782,476
Property, plant and equipment, net	127,985	130,567
Long-term marketable investments	415,606	301,104
Deferred tax assets, net	144,134	64,522
Other long-term assets	<u>115,273</u>	<u>105,520</u>
Total assets	<u>\$ 1,391,302</u>	<u>\$ 1,384,189</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 101,753	\$ 155,036
Accrued compensation	58,193	56,940
Current portion of long-term debt	56,584	41,765
Deferred revenue	19,551	16,808
Liabilities of discontinued operations	<u>651</u>	<u>3,119</u>
Total current liabilities	236,732	273,668
Long-term debt	55,002	57,300
Other long-term liabilities	320,342	126,027
Shareholders' equity:		
Common stock	223,233	231,035
Retained earnings	707,191	774,282
Accumulated other comprehensive loss	<u>(151,198)</u>	<u>(78,123)</u>
Total shareholders' equity	<u>779,226</u>	<u>927,194</u>
Total liabilities and shareholders' equity	<u>\$ 1,391,302</u>	<u>\$ 1,384,189</u>
Shares outstanding	84,844	90,509

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Selected Additional Financial Data

(Dollars in thousands, except per share amounts)	% Growth	Quarter Ended		% Growth	Year Ended	
		May 31, 2003	May 25, 2002		May 31, 2003	May 25, 2002
Product Orders and Sales Data:						
Orders	16%	\$ 204,500	\$ 176,500	9%	\$ 750,300	\$ 687,400
U.S.	(3%)	83,400	86,100	(0%)	301,200	302,100
International	34%	121,100	90,400	17%	449,100	385,300
Net Sales	0%	\$ 202,321	\$ 202,243	(2%)	\$ 791,048	\$ 810,300
U.S.	(21%)	78,003	98,737	(15%)	332,710	393,010
International	20%	124,318	103,506	10%	458,338	417,290

Effect of Business Realignment and One-Time Items:

Net earnings from continuing operations	\$	4,255	\$	6,683	\$	35,148	\$	33,556
Business realignment costs		7,553		10,102		34,551		24,820
Acquisition related costs		894		-		3,521		-
Gain on sale of Video and Networking Division		-		(818)		-		(818)
Tax effect of above items		(2,703)		(3,249)		(12,183)		(8,401)
Reversal of tax reserve		-		-		(12,500)		-
Net income excluding business realignment and one-time items	\$	9,999	\$	12,718	\$	48,537	\$	49,157
Diluted earnings per share excluding business realignment and one-time items	\$	0.12	\$	0.14	\$	0.56	\$	0.53

Income Statement Items as a Percentage of Net Sales:

Cost of sales	47%	51%	49%	51%
Research and development expenses	13%	12%	13%	14%
Selling, general and administrative expenses	33%	28%	31%	27%
Equity in business ventures' loss	0%	0%	1%	0%
Business realignment costs	4%	5%	4%	3%
Loss on sale of assets	1%	1%	0%	1%
Operating income	2%	3%	2%	4%

Capital Expenditures and Depreciation:

Capital expenditures	\$	5,582	\$	3,427	\$	17,153	\$	14,539
Depreciation and amortization expense	\$	7,566	\$	9,149	\$	33,672	\$	39,597

	Year Ended May 31, 2003	Year Ended May 25, 2002
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Balance Sheet:

Cash and Marketable Investments:		
Cash and cash equivalents	\$ 190,387	\$ 260,773
Short-term marketable investments	106,369	193,644
Long-term marketable investments	415,606	301,104
Cash and Marketable Investments	\$ 712,362	\$ 755,521
Accounts receivable as a percentage of net sales	12.3%	14.0%
Days sales outstanding	47.0	42.4
Average days sales outstanding	45.6	50.8
Inventory as a percentage of net sales	13.1%	16.0%
Inventory turns	3.7	3.2

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